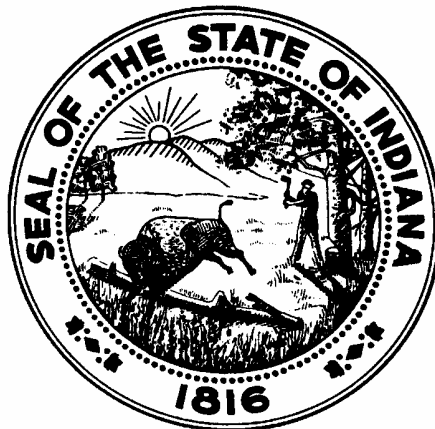


**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF

STATE BUREAU OF MOTOR VEHICLES COMMISSION  
LICENSE BRANCH NUMBER 140  
TIPTON, INDIANA

January 1, 2003 to December 31, 2003





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## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman, Bureau of Motor Vehicles Commission	Mr. Gerald Coleman Ms. Mary DePrez	01-06-02 to 02-29-04 03-01-04 to 01-05-05
Branch Manager	Mrs. Lisa Hill Cline Mr. Don Rowe (Interim) Mrs. Tammy Dulworth	01-01-03 to 07-31-03 08-01-03 to 09-14-03 09-15-03 to 12-31-04



# STATE OF INDIANA

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE STATE BUREAU OF MOTOR VEHICLES COMMISSION

We have examined the Schedule of Collections and Distributions of the State Bureau of Motor Vehicles Commission License Branch Number 140 (Branch) for the period of January 1, 2003, to December 31, 2003. The Branch's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Collections and Distributions and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Branch for the year ended December 31, 2003, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

October 8, 2004

STATE BUREAU OF MOTOR VEHICLES COMMISSION  
 LICENSE BRANCH NUMBER 140  
 TIPTON, INDIANA  
 SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS  
 January 1, 2003 to December 31, 2003

	<u>Amount</u>
Collections:	
Registrations	\$ 2,761,550
Titles	436,405
Drivers Licenses	95,684
Watercraft	68,863
Miscellaneous	<u>499</u>
Total	<u>\$ 3,363,001</u>
Distributions:	
State Fees	\$ 1,250,317
County Tax	1,816,298
Commission Fees	<u>296,386</u>
Total	<u>\$ 3,363,001</u>

The accompanying notes are an integral part of the schedule.

STATE BUREAU OF MOTOR VEHICLES COMMISSION  
LICENSE BRANCH NUMBER 140  
TIPTON, INDIANA  
NOTES TO SCHEDULE OF COLLECTIONS AND DISTRIBUTIONS

Note 1. Introduction

The Motor Vehicles Commission was created to manage the motor vehicle license branches. The Bureau of Motor Vehicles is a separate state agency which provides support services to the Commission controlled license branches. The license branches collect fees which fund the Motor Vehicles Commission. The license branches collect and forward county taxes (excise tax, wheel tax, and surtax) and state fees. The Commission has one contractual branch that is administered by an individual contractor according to Bureau policies. The Commission has developed a mobile license branch to serve the need of CDL license issuance and other special needs as they arise.

Note 2. Collections and Distributions

Each branch collects fees and taxes when vehicle and watercraft registrations, titles and drivers licenses are sold. Fees are uniform throughout the state. The following taxes are collected by the branches: excise tax, surtax, wheel tax, and use tax.

The total daily collections are deposited to a single bank account. From this account the collections are distributed to separate bank accounts which are not controlled by the license branch and belong to the state, county and Bureau of Motor Vehicles Commission.

Note 3. Banking System

The Bureau of Motor Vehicles Commission has entered into an agreement with Bank One for a cash concentration system. The system utilizes a series of individual noninterest bearing accounts (clearing accounts) from which all fees and taxes are transferred.

STATE BUREAU OF MOTOR VEHICLES COMMISSION  
 LICENSE BRANCH NUMBER 140  
 TIPTON, INDIANA  
 STATISTICAL INFORMATION  
 January 1, 2003 to December 31, 2003

<u>Transactions Processed</u>	<u>Quantity</u>
Vehicle Registrations:	
Passenger	11,667
Motorcycle	705
RV (Housecar)	547
Light Truck	6,963
Other Truck	213
Farm Truck	315
Tractor	132
Trailer	3,024
Semi-Trailer	256
School and Church Bus	48
Other Bus	3
Other	105
	<hr/>
Total Vehicle Registrations	<u>23,978</u>
Drivers Licenses and Permits:	
Drivers Licenses/Learners Permits	4,336
CDL Licenses/CDL Permits	284
Placards	643
Other	2,325
	<hr/>
Total Drivers Licenses and Permits	<u>7,588</u>
Titles:	
Vehicles	7,883
Watercraft	155
	<hr/>
Total Titles	<u>8,038</u>
Total Watercraft Registrations	<u>1,022</u>



STATE BUREAU OF MOTOR VEHICLES COMMISSION  
 LICENSE BRANCH NUMBER 140  
 TIPTON, INDIANA  
 EXAMINATION RESULTS AND COMMENTS

ACCOUNTABLE ITEMS

The following schedule details missing items revealed during a comparison of actual inventory of accountable items to the Open Inventory Report of the State Bureau of Motor Vehicles at December 31, 2003. No evidence was found to indicate these items have been sold.

<u>Year</u>	<u>Plate Type</u>	<u>Plate Number</u>	<u>Year</u>	<u>Plate Type</u>	<u>Plate Number</u>
2002	Antique	14822	2002	Passenger	80R19
2002	Disabled Veteran	8678	2002	Passenger	80R34
2002	Disabled Veteran	10082	2002	Passenger	80R59
2002	Farm Semi Trailer (1 Year)	2602 to 2603	2002	Passenger	80R88
2002	Farm Semi Trailer (1 Year)	2636 to 2638	2002	Passenger	80S28
2002	Farm Truck 16,000	10887C	2002	Passenger	80S40
2002	Farm Truck 16,000	11986C to 11987C	2002	Passenger	80S48
2002	Farm Truck 20,000	4005D	2002	Passenger	80S50
2002	Farm Truck 23,000	534U	2002	Passenger	29D5709
2002	Farm Truck 26,000	13337E to 13339E	2002	Passenger	80Q771 to 80Q775
2002	Farm Truck 26,000	13361E to 13365E	2002	Purple Heart	11203 to 11205
2002	Farm Truck 30,000	5808F	2002	Prisoner of War	1250
2002	Farm Truck 42,000	1668H	2002	Semi Trailer (1 Year)	13704 to 13705
2002	Farm Truck 48,000	3448J to 3449J	2002	Truck 26,000	30039E
2002	Farm Truck 54,000	1669K	2002	Truck 30,000	5874F
2002	Farm Truck 54,000	1698K	2002	Truck 36,000	2894G
2002	Farm Truck 60,000	458N	2002	Truck 36,000	4140G to 4141G
2002	Farm Truck 60,000	464N to 465N	2002	Truck 36,000	4721G
2002	Farm Truck 66,000	309P to 311P	2002	Truck 42,000	1385H to 1386H
2002	Farm Truck 66,000	401P	2002	Truck 42,000	1571H
2002	Farm Truck 66,000	570P to 571P	2002	Truck 48,000	3898J
2002	Farm Truck 66,000+	268R to 269R	2002	Truck 54,000	2320K to 2321K
2002	Farm Truck 66,000+	537R to 538R	2002	Truck 60,000	740N
2002	National Guard	3787	2002	Truck 66,000+	8053R to 8054R
2002	Passenger	80B3	2005	Trailer 12,000	16474D
2002	Passenger	80D6	2007	Passenger	80A3261
2002	Passenger	80D9	2007	Passenger	80B1973
2002	Passenger	80D30	2007	Personalized	AAAW51
2002	Passenger	80P18			

A listing of the items that are to be accounted for to the State Board of Accounts is included in the Branch Operations Policies and Procedures Manual. (Branch Operations Policies and Procedures Manual, Supplies and Equipment Chapter)

STATE BUREAU OF MOTOR VEHICLES COMMISSION  
LICENSE BRANCH NUMBER 140  
TIPTON, INDIANA  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SUBSEQUENT EVENT - BANK ACCOUNT RECONCILEMENT

The bank account had not been accurately reconciled for the first eight months of 2004. The August 31, 2004, bank account reconciliation presented for audit by the branch manager found that the bank balance exceeded the book balance by \$43,557.96 with no explanation for the variance. The branch manager has since identified the reasons for the variance and is currently reconciled.

All accounts are required to be balanced on a monthly basis. All unidentified cash shortages and overages of twenty dollars or more must be reported to Branch Operations before the next Trial Balance is performed. (Branch Operations Policies and Procedures Manual, Journal Chapter, Miscellaneous Branch Procedures Chapter)

STATE BUREAU OF MOTOR VEHICLES COMMISSION  
LICENSE BRANCH NUMBER 140  
TIPTON, INDIANA  
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2004, with Mrs. Tammy Dulworth, Branch Manager. The official concurred with our findings.

The contents of this report were discussed on October 20, 2004, with Mrs. Lisa Hill Cline, former Branch Manager. The official response has been made a part of this report and may be found on Pages 10 and 11.

In regard to the Accountable Items missing in the Audit of 2003; my response is as follows:

As of January 2, 2003, when State Board of Accounts verified plates on hand for the start of the year, these items were in the branch and verified.

June 12, 2003 was the last day I was in the office. I was very sick and ended up on sick leave for four months. When returning to work I was suspended; then terminated from my position. From Jun 13, 2003 and on, I do not know what took place in that office but apparently several items have since been found missing.

In 2003, I was told by Don Rowe (DM), an investigation was being conducted for missing items from the branch. He informed me that a thorough search was conducted and these items were not found in the branch. He said everything was searched but the plate room.

I feel the search wasn't so thorough though, because of these reasons:

1. When I was suspended upon returning to work, my belongings from my personal office were all packed and sent home with me. This was the first time I was told a thorough search was completed. All but the plate room. When returning home with my belongings – included in them were keys to the postage machine, filing cabinets, cash register, and documents with customer information. To me, this shows a thorough search was not conducted.
2. Then, when I was called for the Exit Conference last year 2003, I was informed there were six (6) plates missing. Before completing the Exit Conference the Auditors reran the plates and found 2 of them were sold after the audit in 2003. I was informed by the Auditors that they were there much longer than normal doing this audit. One of the two license plates happened to be a tractor cab plate. Yet these were not in the branch any where to be found while the audit was going on, but were later found and sold after the Auditors left.
3. In February 2004, I picked up the rest of my belongings from the branch. Again Don Rowe (DM) informed me everything had been gone through and all my stuff was packed and ready for me to take. Then in July 2004, a box of my belongings was found at the branch. It was taken to my husband's office in the courthouse in Tipton by one of the branch employees.

So again, I do not feel a very thorough search was conducted.

There were too many people, different people, in and out of things in that office. They had access to everything and who knows where and what things were moved, placed, and trashed, etc.

I was informed that these missing items were also missing at the time Tammy Dulworth was audited in as Branch Manager in September 2003.

I wasn't audited out as Branch Manager until July 31, 2003, at which time Don Rowe then became Interim Branch Manager. I was off sick June 12, 2003 and started sick leave after that. It was six (6) weeks from the last day I worked until the audit of July 31, 2003. Several people were in and out of that office and had access to everything. While I was in the hospital, I chose to give all my keys to the office to Tammy Dulworth; Team Leader at that time. I wasn't sure what was wrong with me – nor did I know how long I would be off – so with the best interest of the office in mind, I gave her all the keys to the office so she could run the office efficiently.

The keys included the file cabinet that held my hold for audit items, bank statements, bank reconcilements, destruction notices, employee information, and several more important items that should have not been accessible to and by everyone. I was also told by Tammy Dulworth, Teamleader, that she would open all file cabinets including all the file cabinets in my office, when opening the office start of day. They would remain open all day during business hours, even when she left for branch errands or lunch. This means that anyone in that office had access to anything and everything.

Don Rowe was in the office two (2) to three (3) times a week once I was off on sick leave. This was very unusual for him because he rarely visited the office. Even prior to me being off on sick leave, during all the communications I had with him regarding my health and taking time off work, he never showed an interest or concern as to how the office was running or if I needed any help. As soon as I started sick leave, he was there every week for six (6) weeks and then became Interim Manager August 1, 2003.

He had access to anything and everything in the office. He and everyone else he had placed in the office.

I requested copies of my emails that I communicated to Don Rowe regarding my health issues and time off work for doctor's visits, but I never received any. I also requested to talk with the Commissioner before any final decisions were made regarding me and the office, but I never received any acknowledgment that the Commissioner ever received any communications from me. The only person I had contact with was Don Rowe, and I feel that I was treated unjustly considering my work performance for the previous twenty (20) plus years versus the work performance of 2003, which was affected by my illness.

I do not take and will not take responsibility for any missing items because those plates and other unaccountable items were in my office the night I left June 12, 2003.

This is my official response to the findings of the Audit 2003.

Lisa Hill-Cline  
Former Manager, Tipton #140